

**MINUTES OF THE INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol

February 20, 2013

Members Present:

Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Jacob L. Anderegg, House Vice-Chair
Sen. Lyle W. Hillyard
Sen. David P. Hinkins
Sen. Scott K. Jenkins
Sen. Peter C. Knudson
Sen. Karen Mayne
Sen. Kevin T. Van Tassell
Sen. Evan Vickers
Rep. Johnny Anderson
Rep. Kay J. Christofferson
Rep. Lynn N. Hemingway
Rep. John Knotwell
Rep. Douglas V. Sagers
Rep. R. Curt Webb
Rep. John R. Westwood

Members Absent:
Rep. Janice M. Fisher

Staff Present:
Mr. Mark Bleazard, Legislative Fiscal Analyst
Mr. Gary Ricks, Legislative Fiscal Analyst
Ms. Cami Deavila, Secretary

Note: A list of visitors and a copy of handouts are filed with the Subcommittee minutes. A copy of related materials and an audio recording of the meeting can be found <http://le.utah.gov/asp/interim/Commit.asp?Year=2013&Com=APPIGG>

1. Call to Order/No Minutes to Approve

Co-chair Froerer called the meeting to order at 8:05 a.m.

2. Debt Service Line Item

Angela Oh, Economist, stated that debt service is made up of interest and principal due on the State's bonded indebtedness. The State's amount of debt has increased over the last several years while agency budgets have decreased, which is about \$500 million. This year the State will pay off one G.O. bond, a 2003A series highways bond. The current outstanding debt is \$3.2 billion. Utah is one of eight states in the nation that has a Triple AAA rating from the three nationally recognized bond rating agencies. Utah used the Build America Bond Program to issue two bond series, which will save the State \$55 million over 15 years on \$1.1 billion of G.O. bonds. The State appropriates \$15.2 million from the General Fund to debt service, which is then transferred back after the refund. The Federal sequestration could reduce the amount by \$567,000. The State's constitutional debt limit caps total general obligation debt at 1.5 percent of the value of the State's taxable property. By

practice the Legislature keeps outstanding principal below 85 percent of the constitutional debt limit. The Analyst recommended the FY14 base budget of \$489 million. The base budget includes an increase of \$1.9 million in the Transportation Investment Fund (TIF) and \$2.7 million to pay for the State Highway Fund, and a decrease of \$745,000 from Dedicated Credits.

3. Building Board

Mr. Gordon Snow, Building Board, presented the Building Board's funding prioritization list; including a new juvenile courthouse in Ogden, the Gunnison Prison, the State Development Center in American Fork, the State Crime Lab, and the purchase of an elementary school in St. George for Dixie State University.

Rep. Sagers asked if the Ogden Juvenile Courthouse still has contaminated soil. Scott Nelson, Building Board, stated the contamination had been taken care of. Co-chair Froerer stated the courts have provided documents on the clean up and the co-chairs have asked for additional clarification.

Co-chair Froerer asked if the Building Board rankings should remain the same since the list was created or should the projects be reprioritized. Mr. Snow stated the rankings should remain the same. Co-chair Froerer asked how the Building Board feels the committee should be on capital improvement funding. Mr. Snow stated there would never be enough money for capital improvements and the State cannot afford to let buildings get to a dilapidated state.

Rep. Westwood asked about the score versus the final ranking and if the Building Board took into consideration that student enrollment may be decreasing. Mr. Snow stated prioritization changed slightly because of decreasing enrollment and the Building Board's focus is on State agencies. State agencies don't have alumni to lobby or donate money for buildings.

Rep. Webb asked if there is a standard economic life for a building and when Capital Improvements are funded below the required 1.1 percent, does the life of the building decrease. Mr. Snow stated the life of a building is typically 50 years. When capital improvement is underfunded it does affect the life of the building.

Rep. Christofferson asked how many projects on the priority list would the base budget cover. Richard Amon, Deputy Director, Department of Facilities and Construction Management (DFCM), stated there is \$40 million budgeted for capital improvements and \$176 million in requests.

Co-chair Froerer asked Mr. Amon for an update on the request from the State hospital regarding the durable housing in American Fork. Mr. Amon stated that the State Hospital was funded two years ago for \$25 million, however the project bid came in at \$30 million. The request is for an additional \$4.7 million to keep the youth program wing included in the State Hospital project. In lieu of the \$6 million for the Developmental Center, the State Hospital would use \$4.7 million to construct the complete project and use the remaining \$1.3 million to design the durable housing in American Fork. Co-chair Froerer asked how much the original request was two years ago. Mr. Amon stated the request was for \$30 million but \$25 million was funded.

4. Department of Administrative Services (DAS) Agency Presentation

Kim Hood, Executive Director, Department of Administrative Services (DAS), presented the committee with an overview of the department responsibilities and agencies housed in DAS. Ms. Hood stated the department's mission; to deliver support services at the highest quality and best value. The DAS vision is to be the most preferred and trusted provider of products, services, and innovative solutions to meet customer needs. The department's strategic goals are as follows: improving efficiency and effectiveness of operations, always promote energy efficiency, develop a quality high performing work force, improve customer relations and communications, and institutionalize preparedness both agency and cyber security. The base budget includes a request to reallocate \$200,000 from purchasing to other critical needs in the department, including: \$84,500 to archives, \$65,000 to cyber security, \$40,000 for internal auditing, and \$10,500 to eRules.

Mr. Amon stated DAS has two funding sides, an appropriated side and an Internal Service Fund side. The appropriation is money given to the department in funding. The Internal Service Fund (ISF) is revenue generated by services provided to other State agencies. Mr. Amon stated DAS has a main request for internal reallocation of funds. Mr. Amon presented a State archives demonstration, and fleet energy efficiency and air quality initiative.

Rep. Hemmingway asked if the Compressed Natural Gas (CNG) vehicle has a longer life than a gasoline engine. Mr. Amon stated the life of the CNG car is 105,000 miles and also has a higher resale value. DAS could keep the vehicles longer or resell them at a higher value.

Mr. Amon spoke about projects the State building energy efficiency program has completed. \$2.1 million comes from a revolving loan fund. The program averages a 33 percent return rate.

Co-chair Harper asked if the money from energy savings is put back into specific budgets or capital improvements and if there is tracking of where the money has been spent. Mr. Amon stated the amount of money saved is tracked, but not where it goes. Co-chair Harper would like to see where the money is spent be tracked and to see the funds go into capital improvement projects.

Mr. Amon spoke on active shooter training that Risk Management conducts with school districts. Mr. Amon stated the benefits of using State-purchasing contracts.

Sen. Van Tassell asked if the number of full time equivalent (FTE) for the Navajo Trust Fund was around five to six. Ms. Hood stated it was, not including construction crews.

Rep. Christofferson asked if the \$11 million finance mandated included the total amount owed for jail reimbursement. Mr. Amon stated it is what the Legislature has appropriated for jail reimbursement, not the amount required. Rep. Christofferson asked how much more the appropriated amount should be to meet the State's obligation for jail reimbursement. Co-chair Froerer stated an additional \$15.8 million.

Sen. Van Tassell asked if the Department of Technology Services (DTS) security breach had been fixed. Ms. Hood stated DAS has been proactive and hasn't had a breach. DTS is a separate department.

5. **Department of Administrative Services (DAS) Analyst Budget Presentation/ DAS Appropriated Budgets – FY 2014 and Certain FY 2013 Adjustments.**

Executive Director's Office (EDO)

Gary Ricks, Fiscal Analyst, Office of the Legislative Fiscal Analyst, stated in December the Executive Appropriation Committee made a decision to allocate for the base budgets only, nothing over and above the base budgets. The analyst is cautious about recommending any increases over the base budget. There are two elements to the DAS budget, the appropriated portion and the Internal Service Fund (ISF). There is just over \$50 million in appropriated funds; more than \$30 million is pass-through funding. The agency would like to reallocate \$200,000 to other programs and the Governor and the analyst are supportive of the action. This includes two transfers from purchasing to the Executive Directors Office; IT security building block of \$65,000 and the internal auditing piece of \$40,000. The total base appropriation is recommended at \$834,100. There is also non-lapsing intent language including the two transfers totaling \$105,000.

Division of Administrative Services (DAR)

Mr. Ricks stated the Administrative Rules line item includes an adjustment of \$10,500 to the Department of Administrative Rules. The total recommended appropriation is \$380,200.

Division of Facilities and Construction Management

Mr. Ricks stated the total base appropriation for DFCM is \$5,995,400.

Division of Archives

Mr. Ricks stated the State Archives budget includes an \$84,500 transfer. The base appropriated amount is \$2,341,000.

Co-chair Froerer noted the money saved by moving the State Archives and asked if the new building was operating. Mr. Amon stated the new building at the Freeport Center is operating and the savings of \$110,000 was removed and reallocated from the State Archive budget.

Division of Finance Administration

Mr. Ricks recommended a base budget appropriation of \$9,830,400 and non-lapsing intent language.

Division of Finance Mandated

The development zone partial rebates increases to annual base appropriations is \$2.4 million for FY13 and \$2,748,300 for FY14. The Land Exchange Distribution Program recommended appropriation is \$11.2 million. The Jail Reimbursement Program recommended appropriation is \$11 million in ongoing funds. The Governor recommended additional funding of \$1,944,300. The total recommended base appropriation is \$28,017,300.

Elected Official Post Retirement Trust Fund

Mr. Ricks stated this is pass through funding providing retirement benefits to elected officials. The analyst recommends \$2,030,000.

Post Conviction Indigent Defense

Mr. Ricks stated this fund provides attorney fees for individuals on death row. The recommended appropriation is \$85,500 and to make the funding non-lapsing.

Judicial Conduct Commission

Mr. Ricks stated the agency investigates complaints against judges. The recommended base budget is \$210,600. Non-lapsing intent language is also included.

Division of Purchasing

Mr. Ricks recommends \$561,100, a transfer of \$200,000, and non-lapsing intent language.

6. Department of Administrative Services (DAS) Analyst Budget Presentation \DAS Internal Service Fund – FY 2014 and Certain FY 2013 Adjustments

DAS ISFS Total Revenues

Mr. Ricks stated the recommended funding for General Services is \$166,718,700.

Purchasing and General Services

The analyst recommends 84.7 FTE, authorized capital outlay of \$3,445,900 and annual revenue of \$20,355,900 for Purchasing and General Services. There is also a recommendation for five additional FTE in the Central Mailing portion and an increase in authorized capital outlay of \$120,000 for the purchase of additional printers and copiers.

Fleet Services

Mr. Ricks stated three items needing approval by the committee are: 24 FTE, authorized capital outlay of \$20,913,800, and annual revenue of \$77,389,100. The analyst recommended an increase of three FTE. The Governor recommended increasing the CNG vehicle fleet. The agency has requested \$1,023,000 capital outlay in FY 2013 for 70-100 addition CNG vehicles.

Division of Facilities and Construction Management

Mr. Ricks recommended 134 FTE, authorized capital outlay of \$63,000, annual revenue of \$29,156,200, and an increase in authorized capital outlay of \$27,500.

Risk Management and Fund to Fund Transfer

Mr. Ricks recommended 27 FTE, \$200,000 authorized capital outlay, and \$38,016,300 annual revenue. There is an issue with the Risk Management ISF fund-to-fund transfer. ISF accepts Federal funds that are required to be maintained at a certain funding level. The OICP fund is below the required Federal level. There is a fund located in Risk Management that could cover the shortfall. It is recommended that \$1,630,000 be transferred from the Worker's Compensation fund to the Risk Management Construction Fund to meet Federal regulations for FY13.

Finance

Mr. Ricks stated the ISF has the Purchasing Card and Consolidated Budgeting and Finance group. The analyst recommended 20 FTE, annual revenue of \$1,801,200, and no capital outlay.

Federal Funds

Mr. Ricks stated agencies are required to submit and receive approval from the Legislature with respect to Federal funds. The analyst recommended \$100,000 in Federal funds for the National Historical Publications and Records Grant and Sustaining Cultural Heritage Collection. The funds would be included in the Archives budget.

7. Intent Language

Mr. Ricks stated item one would permit DFCM to add an additional vehicle. There is Non-lapsing intent language for the DFCM administration budget, State Archives, and Finance. Under Finance Mandated, there is non-lapsing language for \$2.4 million and \$2.7 million over current funding levels for Economic Development pieces. Purchasing and General Services includes non-lapsing intent language. An ISF in Fleet Services includes language to not lapse capital outlay authority for vehicles. The DFCM ISF includes language to add three FTE and two vehicles for FY13 and FY14.

Fees and Rates

Mr. Ricks presented the committee with the fees and rates of DAS. Upon the committee's approval, the fee and rate page will go into an appropriations bill.

Sen. Mayne asked if vehicle mileage usage by individuals within the different agencies is tracked and if employees were required to sign the vehicle in and out. Mr. Amon stated that would be kept on an agency-by-agency basis. Sen. Mayne stated all departments should run the same.

Rep. Sagers asked if there is infrastructure to support CNG vehicles outside of the Wasatch Front. Mr. Amon stated there is fueling along the I-15 corridor, however the infrastructure is primarily along the Wasatch Front and the CNG vehicles are kept in that area.

MOTION: Rep. Hemmingway moved to adjourn. The motion passed unanimously.

Co-chair Froerer adjourned the meeting at 9:50 a.m.

Minutes were reported by Cami Deavila, Senate Secretary

Sen. Wayne A. Harper, Co-Chair

Rep. Gage Froerer, Co-Chair